

OCT 18 2001

**Before the State of South Carolina  
Department of Insurance**

**STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE**

In the matter of:

SCDI File Number 2001-110126

Farmers Mutual Insurance Association  
of Newberry, South Carolina  
749 Wilson Road  
Newberry, South Carolina 29108.

**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Farmers Mutual Insurance Association of Newberry, South Carolina (Farmers Mutual or "the insurer"), a South Carolina domestic insurance company licensed to transact insurance business within this state.

Farmers Mutual hereby admits, and I find as fact, that it failed to timely file its September 2001 Quarterly (annual adjusted) Tax Return Installment. This insurer previously also had failed twice previously to timely file installments with the Department. Farmers Mutual maintains these actions were completely unintentional and the result of administrative oversight.

Rather than contest this matter, Farmers Mutual and the Department have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that Farmers Mutual would waive its right to a public hearing and would pay through the Department an administrative penalty in the total amount of \$2,000.

Section 38-7-60(3) of the South Carolina Code in pertinent part states, "premium and other taxes imposed on insurers pursuant to Sections 38-7-20, 38-7-30, 38-7-40, 38-7-50, and 38-7-90 must be paid to the Director or his designee in quarterly installments on or before March first, June first, September first, and December first of each calendar year." Sections 38-7-60 (4) and 38-5-120 (A) (2) (Supp. 2000) allow the Director of Insurance to impose disciplinary action against an insurer that does not comply with South Carolina's insurance laws.

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that the insurer's September 2001 quarterly tax filing did not comply with S.C. Code Ann. § 38-7-60(3) (Supp. 2000). Accordingly, I hereby impose an administrative penalty in the amount of \$2,000 against Farmers Mutual pursuant to the discretion provided to me by the State of South Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 2000) with the understanding that Farmers Mutual prepaid that total amount to the Department on October 11, 2001 in good faith.

*D. C. J.* Farmers Mutual Ins. Assn.  
of Newberry, South Carolina

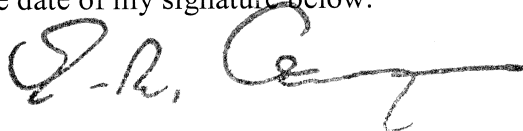
The parties have reached this administrative penalty in consideration of the internal corrective internal measures Farmers Mutual has implemented to prevent this problem from recurring and of the insurer's belief that it will timely file each of its future tax returns with the Department. This penalty includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and understand the payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

By the signature of one of its officers or authorized representatives upon this consent order, Farmers Mutual acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

It is, therefore, ordered that Farmers Mutual Insurance Association of Newberry, South Carolina shall pay through the Department an administrative penalty in the total amount of \$2,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.


This consent order becomes effective on the date of my signature below.

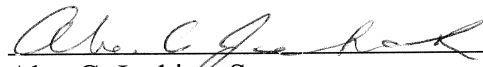



Ernst N. Csiszar  
Director

October 17, 2001  
Columbia, South Carolina

I CONSENT:

  
Signature of Authorized Representative

  
Alan C. Jenkins, Sr.

  
Secretary/Treasurer  
Farmers Mutual Insurance Association of Newberry South Carolina  
749 Wilson Road  
Newberry, South Carolina 29108

Dated this 17th day of October 2001